non-repartiable loans from NRI relatives for personal purposes and for business activities, lnterest-free-repartiable loans upto US $ 2.5 lakh with a maturity of seven years shall be cleared by the Reserve Bank automatically. Other cases shall continue to be cleared on a case to case basis by the Reserve Bank.

(c) The Reserve Bank will permit transfer of funds from one non-resident (external) (NRE) account to the NRE account of another person for any purpose.

(d) NRIs/OCBs shall be permitted to establish schools and colleges on the same terms and conditions as a resident individual/corporate body.

(e) The existing 40 percent scheme will be abolished. In Non-Annexure-III industries, investments by . NRIs/OCBs up to 51 per cent in companies other than listed companies will be allowed on repatriation basis.

(f) The condition regarding 60 per cent turnover from eligible activities for the investment to be eligible under the old 40 per cent and the proposed 51 per cent scheme will be waived.

(g) NRI participation in venture capital activity will be permitted on the same terms and conditions as foreign investment in this area.

(h) The Housing Development Finance Corporation (HDFC) and other housing finance institutions will be prmitted to grant loans to NRIs for acquisition/ improvement to the existing houses on the terms and conditions as applicable to residents.

(i) All information relating to NRI foreign investment shall be put on the Internet.

Periodic Review of Functioning of Directorate of Enforcement

2660. SHRI V. HANUMANTHA RAO: Will the Minister of FINANCE be pleased to slate:

(a) whether Government conduct : periodic review of the functioning of the Directorate of Enforcement;

(b) if so, the findings of such a review

(c) how Government propose t(implement FERA keeping the civil right of the people in forces; and

(d) the full details of steps taken in the regard?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) and (b) A 'Review Group' was set up in 199; to review the functioning of the Enforcement Directorate. The Group has submitted its report interali a recommending merger of units having insufficient worlc-load, upgradation of some posts and amendment of recruitment rules etc.

(c) and (d) While implementing the provisions of Foreign Exchange Regulation Act, action in regard to search, seizure and arrest has to be done in conformity with the provisions of the Foreign Exchange Regulation Act.

Assessment of Test Audit by Income Tax Department

2661. DR. JAGANNATH MISHRA: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the test audit conducted between 1st April, 1994 to 31st March, 1995 of the assessment completed by Income-tax Department revealed 10,256 cases of under assessment involving a total revenue of Rs. 855.38 crores;

(b) whether the said amount has since been recovered from the assessee and if not, the reasons therefor; and

(c) what action has been taken against the assessment officers who had cleared those cases?